

THE IMPACT OF PUBLIC DIPLOMACY ON ECONOMIC GROWTH OF THE COUNTRY: CASE STUDY OF SOUTH KOREA

By

Tohtiev Mahmud

THESIS

Submitted to

KDI School of Public Policy and Management

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Plan

Introduction

1. History of public diplomacy, its definitions and concept

1.1. Propaganda and public diplomacy history

1.2. The term “Public diplomacy”, its history and modern definitions

1.3. Interrelated with public diplomacy concepts

2. Public diplomacy approaches and their role in governments’ international activities

2.1. Nation branding

2.2. Cultural diplomacy

3. Public diplomacy of Korea and its role in economic growth of the country

3.1. A brief overview of South Korea

3.2. Korean public diplomacy and its brand image around the world

3.3. “Korean wave” as a part of public diplomacy and its economic implications

Conclusion

Bibliography

Introduction

In the 20th century, development of mass-media and information technologies has created condition of removing borders for informational flows. This in turn has changed international relations in a whole and diplomatic practice of actors in particular. More and more populations of the countries are involved in the shaping global agenda. People have become not only observers of international relations processes but also along with governments - co-creators of them. At the same time, such situation makes it impossible to ensure economic growth without well-organized strategy of public diplomacy, which is one of the key factors in bringing country's own vision abroad. Thus, to achieve national interests both political and economical, states should contact not only foreign governments but also their public, and moreover, win their hearts and minds.

Reaching people abroad is not something new, as it had always been a part of policy of different governors from ancient times. However, it hadn't been conducted on permanent basis, but was mostly used to solve concrete tasks, especially during wars. At the same time, its effectiveness shown during the first half of the last century, stipulated many states to utilize contacting foreign audiences constantly.

Globalization is another important factor that has made necessary to deal with overseas public opinion. Nowadays, the success of national economy mainly depends on its integration in world economy and attractiveness. In this case, for every developing and also developed country to attract foreign investments and businesses, public diplomacy has become a significant circumstance in winning credibility.

This approach of diplomacy as a part of foreign strategy policies in many countries is directed to create positive image and promote appropriate spheres, depending on tasks of foreign ministries and other governmental structures. For all of them one of such tasks is

ensuring and contributing to economic growth of the nation no matter how big country is, or its volume of resources and trade relations, population and other factors.

Therefore, this thesis focuses on showing positive influence of advancing public diplomacy on economic growth, and proving it through using South Korean experience.

It should be noted that the most part of public diplomacy approaches haven't direct interlinks with economical growth, though they operate with image of a country and cultural commodity. If the first one is crucial in attracting foreigners (investors, tourists, etc.), trade flows of the second one is increasing year by year.

This study embarks on:

- observing increasing role of contacting foreign audiences from historical prospect till current period, and formation of modern public diplomacy sphere with differentiating it from interlinking concepts;
- identifying factors in public diplomacy approaches, those have influence on economic growth of a state;
- comprehending why, it is necessary along with appropriate reforms, advance public diplomacy approach on governmental level.

The current work is divided in four parts. The first one includes history of propaganda and public diplomacy, their interlinking, definitions of PD and interrelated concepts and instruments. The second one focuses on approaches of public diplomacy (nation branding and cultural diplomacy), their role and influence on national economy of a country. The third chapter gives a short introduction about the Republic of Korea and studies South Korean public diplomacy, its role in contributing to economic growth of the nation. And the last one comes with conclusions and suggestions.

1. History of public diplomacy, its definitions and concept

1.1. Propaganda and public diplomacy history

Despite the fact that the term “Public diplomacy” (PD) in modern understanding was began to be used from 1960s, reaching and contacting foreign people to persuade them was utilized from deep history. It relates with other term “propaganda”, but according to Nicholas J. Cull, Gullion paraphrased this term into PD, because the former one included too much negative implication¹. Currently, when PD has become one of the main foreign policy activities of many governments, it has much more broader meaning and by having deep connections with such terms as “soft power”, “branding” and etc. it plays a significant role in forming modern international relations.

In ancient times, methods of influence on people’s minds and hearts were used to create mystical halo around pharaohs, kings and chieftains. People endowed such leaders with supernatural powers, minds of great capacity and divine origins. For example, Maya tribes in their texts had manipulated with historical dates, lifetimes of regents, astronomical cycles and real events to show governors in the best way. They tried to adjust the birth of a regent with the birth of a great king in the past to prove his re-incarnation, or they increased the number of killed enemies and captives to generate reverent fear among population².

At the same time, ancient states such as Rome, Greece, Vatican, Byzantine and the Ottoman empires had used various instruments to impact on both inside and outside audiences. They used instruments as missionary works, predicant activities, special envoys, oratorical art and others to create image of a strong and authoritative empire. For instance, Byzantine

¹ Nicholas J.Cull, “‘Public Diplomacy’ before Gullion. The Evolution of a Phrase,” *Center on Public Diplomacy of the University of Southern California*, accessed November 17, 2015, http://uscpublicdiplomacy.org/blog/060418_public_diplomacy_before_gullion_the_evolution_of_a_phrase.

² Anthony Pratkins and Elliot Aronson, “*Epoha propagandi: mekhanizmi ubejdeniya, povsednevnoye ispolzovaniye i zloupotrebleniye*” [*Age of Propaganda: the everyday use and abuse of persuasion*] (Translator into Russian I.Volkova and Ye.Volkov), (Saint Petersburg: Prime-Euroznak, 2003), 24.

emperors had sent diplomats-missionaries who translated Holy Writ into languages of neophyte nations.

The early use of the word “propaganda” also relates to the expansion of religious views, in particular, members of the order “Saint Ignatius of Loyola” used the term “propaganda” to describe activities aimed to spread Catholic doctrine in the world³. However, the first documentary use of the mentioned term was on January 6, 1622, when the head of the Catholic Church Pope Gregory XV created Congregation for the Propagation of the Faith (Sacra Congregatio de Propaganda Fide). At that time, the Church of Rome was worried about failures in the religious wars. Pope Gregory XV understood that it was impossible to reestablish faith with power of weapons, so he set up pope’s propaganda as a mean to make people accept church’s dogmas “voluntarily”⁴.

It should be noted that previously propaganda as a mean of influence on people’s minds and hearts was mostly used during war times. In the early stages of humankind’s development it was simply demonstrating physical power to make enemies feel fear, and give courage their own selves. Martial shouting of ancient people can be a primitive example of intimidation. Written language also became a powerful instrument in impacting. Homer in his works wrote that soldiers of one country engraved messages on stones to break enemy’s will to continue war⁵.

The first systematic use of propaganda as a weapon was in 1914-1918 years during World War I. At that time, English airplanes scattered millions of leaflets on German territory and its propaganda entered Germany through the press of neutral countries. British intelligence also utilized methods of propaganda in allied countries. For instance, Rudolf

³ Nicholas J.Cull, David Culbert and David Welch, *Propaganda and Mass Persuasion: a Historical Encyclopedia 1500 to the Present* (Available at: http://www.tour.teithe.gr/get_file.php?f=379), 173.

⁴ Anthony Pratkanis and Elliot Aronson, “*Epoha propagandi: mekhanizmi ubejdeniya, povsednevnoye ispolzovaniye i zloupotrebleniye*” [*Age of Propaganda: the everyday use and abuse of persuasion*].

⁵ Walter R. Roberts, “What is Public Diplomacy? Past Practices, Present Conduct, Possible Future,” *Mediterranean Affairs, Mediterranean Quarterly*, Fall (2007): 37.

Zulzman in his article gives an example of dissemination of information in Egypt, India and other Eastern states about processing by German militaries corpses of their own and enemy soldiers for feeding hogs. Such rumors had dramatically increased the number of volunteers who wanted wage a war with Germany⁶.

During the World War II psychological warfare became one of the most important means in carrying war by both sides. Experienced from the First WW this time Nazi Germany gave a big attention to propaganda. It created Reich Ministry of Enlightenment and Propaganda, which was responsible for supervising culture and mass media. Other side – England, USA and Soviet Union also actively conducted propagation. Therefore, using methods of influence on people's minds during war times gave negative shade to the word propaganda. Such situation was aggravated by the fact that Nazi Germany and USSR operated with invalid information in their propagation. Besides, in immediate post war period association of propaganda with Nazi Germany had continued.

After WWII, according to Walter Roberts, in spite of expectation of stopping wartime agencies' activities in the USA, some of their programs were continued (author gives striking example of Voice of America that was created in 1942 and broadcasted in four languages). One of the reasons was the atmosphere begotten by J. Stalin during Potsdam Conference in July 1945. President H. Truman and State Secretary J. Byrnes understood that postwar world would be hostile, and so there was a big necessity to persist informational programs those were effective during the war. On this basis, it was created a new Office of International Information and Cultural Affairs, which could be counted as a predecessor to modern public diplomacy⁷.

Further development of broadcasting technologies widened opportunities of reaching foreign people (also it had become easier for public to receive information) which in turn

⁶ Rudolf Zulsman, "Propaganda kak oruzhiye v voyne" [Propaganda as a weapon in a war], *Psy-factor*, accessed March 23, 2014, <http://psyfactor.org/propaganda4.htm>.

⁷ Roberts, "What is Public Diplomacy? Past Practices, Present Conduct, Possible Future," 40-41.

uplifted the effectiveness of propagandistic programs. On other hand, existed negative connotation of the word propaganda and taking into account activities of Nazi Germany and USSR in this sphere during world wars determined necessity to change both approach in reaching people and the term itself.

1.2. The term “Public diplomacy”, its history and modern definitions

In 1965 Edmund Gullion, dean of the Fletcher School of Law and Diplomacy at Tufts University, during opening an Edward R. Murrow Center of Public Diplomacy was the first who used the term “public diplomacy” in its modern meaning. In one of the earlier brochures of the mentioned center, the term was defined as following:

Public diplomacy ... deals with the influence of public attitudes on the formation and execution of foreign policies. It encompasses dimensions of international relations beyond traditional diplomacy; the cultivation by governments of public opinion in other countries; the interaction of private groups and interests in one country with those of another; the reporting of foreign affairs and its impact on policy; communication between those whose job is communication, as between diplomats and foreign correspondents; and the processes of inter-cultural communications.⁸

Though, it should be noted that the phrase “PD” has its own pre-history. N. Cull, in his article “‘Public Diplomacy’ Before Gullion: The Evolution of a Phrase”, gives several examples of usage of this expression in the second half of XIX and in the first half of XX centuries. For instance, it was used in articles of such the press as Times (Great Britain), the New York Times, the Christian Science Monitor, the Los Angeles Times and the Washington

⁸ “What is Public Diplomacy?”, *The Edward R. Murrow Center of Public Diplomacy, the Fletcher School – TUFTS University*, accessed February 01, 2014, <http://fletcher.tufts.edu/Murrow/Diplomacy>

Post. Besides, many politicians (President of the USA Woodrow Wilson, French Premiere Henri Spaak and others) of that period also used the phrase PD in their speeches⁹.

Mostly they applied PD with referring to ‘open diplomacy’, or international relations without secrecy. Cull notes that the shift in the using of the phrase “PD” with relation to propaganda began in the 1950s. Gullion’s introduction of public diplomacy with a new view was a needed concept for foreign policy of the USA, which wouldn’t be associated with spiteful word propaganda. His phrase covered all spheres of the United States Information Agency activity and gave creditable status for the USIA employees. However, common use of the term ‘public diplomacy’ on international level was begun in the 1990s¹⁰.

Since 1965, explanation of public diplomacy has evolved, but till now there is no universally recognized definition. On the web-site of the Edward R. Murrow Center for Public Diplomacy at the Tufts University, there are given several interpretations of PD by both researchers and experts with practical experience in the field. Short analysis of them shows that PD is a communication with foreign publics conducted by one government to influence or create appropriate atmosphere there (more favorable for the government) through informing and explaining its policies¹¹. From this perspective, definition given by Association for Diplomatic Studies and Training (USA) could be resumptive:

Public diplomacy is the means by which governments seek to advance their nations’ interests through understanding, informing and influencing broader publics in foreign countries¹².

⁹ Nicholas J.Cull, “‘Public Diplomacy’ before Gullion. The Evolution of a Phrase.”

¹⁰ Nicholas J.Cull, “‘Public Diplomacy’ before Gullion. The Evolution of a Phrase.”

¹¹ “Definitions of Public diplomacy,” *The Edward R. Murrow Center for Public Diplomacy, the Fletcher School*, accessed July 25, 2014, <http://fletcher.tufts.edu/Murrow/Diplomacy/Definitions>.

¹² “Public diplomacy,” *The U.S. Diplomacy website, the Association for Diplomatic Studies and Training (ADST)*, accessed July 26, 2012, <http://www.usdiplomacy.org/diplomacytoday/contemporary/public.php>.

Here appears another question: is the public diplomacy only governments' prerogative? To answer this, it is necessary to look through the shift that took place in international relations in the 20th century. One part of the change was - increased number of actors and type of actors on global arena. Today, an actor can be a state, international or regional organizations, NGOs, multi-national corporations, or even persons those have an influence on the international stage. All of them might interact with public opinion to increase their own role and reach certain aims. Besides, currently even traditional diplomacy can not be applied only to governments. So, public diplomacy is actions taken not only by states but also by other international actors.

This point of view widens definition of PD, which brings us to another explanation of this activity, in particular:

PD is an international actor's attempt to manage the international environment through engagement with a foreign public¹³.

Researchers in the field notice about the New Public Diplomacy (NPD) that has the same focus as above mentioned one but also reflects some changes in its practice. For instance, advancement of communication means blurred borders for informational flows with their real time features. In NPD programs there are used marketing and networking concepts to increase efficiency. Although, the most significant transformation was in the role of actor, who now is a coordinator of the conversation building based on people-to-people approach¹⁴.

In this paper author doesn't make difference between terms "Public Diplomacy" and "New Public Diplomacy". In both cases it is used PD, which is defined as *mechanism conducted by governments and other international actors to reach their interests through interacting with foreign audiences, which includes two-way exchange and explaining own policies*. Emphasis was made on government's policies because the paper concentrates on

¹³ Nicholas J. Cull, *Public Diplomacy: Lessons from the Past*, (Los-Angeles: Figueroa Press, 2009), 12.

¹⁴ Ibid, 12-13.

demonstrating positive relationship between development of public diplomacy and the economic growth of the state. However, attempts of independent actors (transnational corporations, NGOs and etc.) those may contribute to the mentioned aim would be also included.

1.3. Interrelated with public diplomacy concepts and instruments

Public Diplomacy is deeply intertwined with other term – soft power (SP). This term was first introduced in 1990 by American researcher of international relations Joseph Nye Jr., who defined it as ability to attain ends through persuasion and attracting others to mastering your own aims. Besides, he notes that it is also capability to make allies support you voluntarily without coercion or payment. In this concept the most important role is given to culture, political ideals, achievements in development, values and traditions¹⁵.

He gives such examples of soft power as young people on other side of the “iron curtain” listening to American music and news during cold war; Chinese students constructing model of the Statue of Liberty on Tiananmen Square during mass protests; released afghan people, who asked copies of the US Bill of Rights; young Iranians, who watch forbidden American movies and TV shows despite taboo from theocratic government¹⁶.

In opposite to ‘hard power’ instruments (military and economic forces), soft power tools don’t have immediate results. Although the school of realism says that the main source of state's power come from its armed forces and economy, current international relations circumstances determine efficiency of soft power. The last one has advantage of influencing others’ preferences, which would be much more productive in long-term period, and costs less in financial terms. However, the role of hard power means should not be diminished. That’s

¹⁵ Joseph Nye Jr., *Bound to Lead: The Changing Nature of American Power*, (New York: Basic Books, 1991), 31.

¹⁶ Joseph Nye Jr., “Soft power and American-European relations” (Translated from Russian – “Myagkaya sila i amerikano-yevropeyskiye otnosheniya”), “*Svobodnaya misl - XXI*” [*Free thought – XXI*], no. 10 (2004), 21.

why specialists talk about “smart power”, which is a balanced combination of hard power and soft power.

Though public diplomacy and soft power can be seen as similar things, the first one mostly connected to governmental programs, when the second one is used in general. Existence one of them does not always mean the presence of another one. In other words, if a state has soft power it may not have public diplomacy, or even if the government conducts PD there is no obligatory presence of SP tools. Moreover, soft power counts also those cultural values that have become property of world civilization through globalization (coca-cola, jeans and others).

States, which own soft power values, have a strong advantage in ensuring success of their PD strategies. Therefore, it is important to utilize in public diplomacy existing soft power instruments or creating appropriate values to strengthen governmental programs, which in turn would bring desired outcomes. Generating values is long process, nevertheless results would justify themselves and have firm basis to create positive image.

Specialists in the sphere can conduct different approaches of public diplomacy, including cultural diplomacy, nation branding or other ones. In this case, it is necessary to mention the social media that has become an important part of ensuring effectiveness of PD practices. Many governmental organizations and structures, especially related to foreign affairs, have become active members of the social networks. Developed and developing states have included the social media in their public diplomacy strategies and spread information through it. For example, the Ministry of Foreign Affairs of the Republic of Korea has its accounts on such networks as Facebook (<https://www.facebook.com/mofakr.eng>), Twitter (https://twitter.com/mofakr_eng) and etc.

There are several reasons why the social media has become an exceptional tool in public diplomats' hands. First, development of telecommunication and information

technologies has made possible of unceasing number of world web network (Internet) users. Today, people almost everywhere on the Earth can connect to the Internet through their personal computers, notebooks, tablets, mobile phones and etc. (There are more than 2.77 billion internet users in the world¹⁷.) This in turn burst into high activity in the social networks. Only Facebook has more than 1 billion 550 million monthly active users¹⁸, while such social networks like Google+, Youtube, Twitter, LinkedIn, V Kontakte, Habbo and Qzone each has more than 100 million registrations. It shows how big the current audience in internet is. For governments the social media is “the land of opportunities” through which they can reach a huge number of foreign populations.

In this case, very interesting examples could be 3D virtual worlds, where members of such games (though they are not games in classical meaning, as there are no need to earn special points or to accomplish special quests) can interact with each other, build relationships, make trading and other things from the “real world”. For instance, “Second life”, online virtual world with more than 1 million active users monthly¹⁹, constantly attracts attention of various governmental organizations. While Sweden and Estonia opened their embassies there²⁰, the USC Center on Public Diplomacy has its own island named Annenberg Island²¹.

Second, the importance of winning credibility conditions necessity of establishing two-way talks, in which the social media has incomparable advantage. The fact that people from different states can communicate directly by using modern technologies reasons the need for quick response from governmental public servants. The social media gives opportunity for states not only to inform about current issues but also take feedback from

¹⁷ "Key ICT indicators for developed and developing countries and the world (totals and penetration rates)," *International Telecommunications Unions (ITU)*, accessed February 27, 2013, http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2013/ITU_Key_2005-2013_ICT_data.xls.

¹⁸ "Company info – Stats," *Facebook – newsroom*, accessed November 18, 2015, <http://newsroom.fb.com/company-info/>.

¹⁹ "Infographic: Ten Years of Second Life," *Linden Lab*, accessed June 20, 2015, <http://lindenlab.com/releases/infographic-10-years-of-second-life>

²⁰ Cull, *Public Diplomacy: Lessons from the Past*, 43.

²¹ "Public diplomacy and virtual worlds," *Center on Public Diplomacy of the University of Southern California*, accessed August 11, 2014, http://uscpublicdiplomacy.org/index.php/research/project_detail/public_diplomacy_and_virtual_worlds/

public. This in turn, shapes trusting contacts between sides and forms a favorable environment among audiences. For instance, before official visit of Barack Obama to Indonesia, the US diplomatic mission there conducted a special campaign in Facebook, which had a big success. In a short period, the US representatives in Indonesia increased their fans so much, that they were more than all fans of the US missions abroad combined²².

Thus, special attention paid by professionals to the social media is explained by its high-performance. Its effectiveness in creating dialogue is core in receiving and understanding foreign audiences' perceptions. Moreover, the competent use of this tool in public diplomacy would help influence on these perceptions and attain credibility. For these reasons, developing the social media approach in foreign policy strategy is necessary for governments if they want to achieve long-term benefits.

In conclusion, public diplomacy as a policy aimed to influence on people's minds is not something new. Although for long time impacting on foreign audiences was mostly activated during war-times. Such practice was called propaganda, which in the first half of the 20th century got negative association among people. Introduction of the term "PD" was necessary to exclude connections between such malevolent word "propaganda" and foreign policy activities. However, along with the change of the term, approach in this sphere also had been transformed. Key transitions were - sharing inner state values and constructing two-way dialogue. Moreover, increase in number and types of actors of international relations and development of telecommunication technologies have sophisticated PD field.

Developing governmental PD programs with the use of state's soft power and opportunities of the social media is essential for every country. In the era of globalization,

²² Melanie Ciolek, "Understanding Social Media's Contribution to Public Diplomacy: How Embassy Jakarta's Facebook Outreach Illuminates the Limitations and Potential for the State Department's Use of Social Media," *Center on Public Diplomacy of the University of Southern California*, accessed July 29, 2014, http://uscpublicdiplomacy.org/index.php/research/paper_award_2010/#2.

when the connections between countries have so deep roots, contacts with foreign audiences could bring both political and economical benefits.

2. Public diplomacy approaches and their role in governments' international activities

In the last years, interest in soft power and enhancing brand image of a country has led to entering to public diplomacy sphere companies those were working with businesses. They began to interact with governments as their customers from private sector, and to carry out for them tasks in public relations, marketing and branding. Therefore, strategies those were approved in business, has begun to be utilized in public diplomacy.

However, one of the biggest obstacles that face countries conducting PD activities is difficulty to assess the effectiveness of such programs. Though, changes that happen in societies can be measured, there is no opportunity to accurately determine which factor or combination of factors were reasons for initiation such changes. In this context, it is also necessary to mention about time frame. According to many specialists, time needed for successful branding or rebranding country's image is around 20 years²³. Even present information-communication technologies and the social media can greatly fasten promotional actions, to reach quality result it is crucial to accomplish a long-term strategy. At the same, positive results of considered PD programs could be seen after short time of their application.

This part will focus on public diplomacy components, and their positive impact on economical growth of a state. Analysis will include nation-branding and cultural diplomacy concepts. They could be seen as separate from PD concepts. However, in the chapter one of this paper public diplomacy was defined as government actions aimed to reach own interests through interacting with foreign audiences. And from this perspective, in this work the mentioned two practices considered as PD programs, because they all are realized by states with purpose to create friendly atmosphere in broad publics.

²³ Kharitonova Elena Markovna, "Effektivnost "Myagkoy sili": Problema ocenki" [Soft Power Effectiveness: Problem of Evaluation], *World Economy and International Relations Journal (MEMO)*, (Moscow: IMEMO, 2015) no.6 p.50

2.1. Nation branding

Although not every state has developed economy, each country of the world owns a complex of intangible values, such as history, culture and human capital. In the time, when the most economies are dominated by services' spheres, these assets with assistance of appropriate conditions and policies can be transformed into weighty economical benefits. Moreover, they have become crucial factors in ensuring economical growth.

Nation branding (hereafter NB or Country branding) is one of the keys to transformation of the mentioned intangible resources into tangible profit. Among various PD approaches "nation branding" could be counted as the one which has the top priority. The reason for this is that it is the base for success of other public policy activities. As Simon Anholt mentioned, any state that hadn't positive image or "nation-brand" wouldn't have opportunity to be competitiveness in attracting investors, consumers or tourists, and couldn't gain respect and attention from other states or the world media²⁴.

It is a very wide conception and includes both government and private sector actions. To better understand NB, first it is necessary to comprehend 'brand' itself, its value and significance, when this term interrelated with nation or country.

According to the American Marketing Association, brand is:

Name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers²⁵.

This is classical definition. However, currently brand is not just tool that helps to distinguish producers or manufacturers; it is the sum of impalpable assets of organization,

²⁴ Simon Anholt, "Three interlinking concepts: Intellectual Property, Nation Branding and Economic Development," *WIPO International Seminar on Intellectual Property and Development, Geneva, May 2-3, 2005*, accessed September 12, 2014, http://www.wipo.int/edocs/mdocs/mdocs/en/isipd_05/isipd_05_www_103990.pdf

²⁵ Mentioned in Laura Lake, "Why Branding is important when it comes to Marketing?", About money, accessed September 15, 2014, <http://marketing.about.com/cs/brandmktg/a/whatisbranding.htm>

including people, vision and its own character, which aligned with right strategy, could guarantee competitive advantage. Such advantage widens organizations' offers those would be supported and accepted by customers. This in turn brings economical gains²⁶. Many companies' market capitalization is much higher because of their brands. For instance, out of Tiffany's 5,3 billion market capitalization 75% were its brand's value²⁷. If there was such valuation for countries also, possibly some states' brand value would be more than their natural resources in sum.

When we talk about nation branding, it should be noticed that any nation has 'brand', which exists no matter if there were or not efforts in nation brand management, as all states have image among foreign audiences. Such images can be weak or strong, and not always correspond with real situation in that state²⁸. Therefore, a nation brand is summation of perceptions of a nation by international community, and they can include such components as culture, food, people, history and others. (Also could be counted as 'image' of that state). Here, we can find the main difference between brand of company and nation brand. The second one contains all the mentioned components and difficult to control, when the first one is clearly defined and concentrated around one item (sphere, slogan, symbol). Besides, managing company's brand claims less efforts and can be changed in the short period. As example, we can compare nation 'brand' of China and company brand "Apple". "Apple" is known as a producer of computer and communication technologies those are high-quality, user friendly but expensive. About China many people may picture in their minds quick growing economy, strong political hierarchy, traditional medicine based on herbs and acupuncture, hard-working nation, which eats a lot of rice and spicy food and etc. (It may

²⁶ Simon Anholt, "Three interlinking concepts: Intellectual Property, Nation Branding and Economic Development."

²⁷ Victor Cook Jr., "Interbrand Value and Market Cap: A More Meaningful Comparison," *Seeking Alpha*, accessed January 17, 2016, <http://seekingalpha.com/article/47276-interbrand-value-and-market-cap-a-more-meaningful-comparison>

²⁸ Ying Fan, "Branding the Nation: What Is Being Branded?," *Journal of Vacation Marketing* 12, no. 1 (January 1, 2006).

differ from person to person, and the only reason for using this example is to show that nation brand is very wide concept).

From the above, we can define NB as a process through which image of a country is created and managed to strengthen nation's reputation on international arena.

There is also other idea that strongly interlaces with NB – country of origin (COO) effect, which means the strength of geographical marking to enhance attraction of services and products, and that also may ensure additional higher price for them. For example, most of us heard about Italian fashion brands like Gucci, Dolce & Gabbana, Prada, German auto brands such as Audi, Porsche and Mercedes Benz, or Korean electronic brands as Samsung and LG. If new brands in the same sectors from these countries would enter market, they could enjoy favorable perception as consumers probably would be ready to pay more just for knowing that supplied products were from the mentioned states²⁹.

At the same time, along with strong influence on a country's exported services and goods, the mentioned effect has significant influence on perceptions of the state's assets, such as population, investment offerings, its relations with other countries (political and diplomatic), touristic attractions, progressive and creative ideas³⁰. Therefore, if a country is known for its capability in some spheres, its intangible values may have important advantage over other nations those are lack of or has less known reputation.

Positive reputation in certain areas together with appropriate cultural policy could assist in export of culture, which in terms of profit could be more beneficial with fewer expenses, as there is always a strong demand for cultural products among youngsters. Joint efforts of different industries' representatives with governmental bodies in cultural development can ensure promotion of their products in future. In the 1990s, Korean big

²⁹ Simon Anholt, "Three interlinking concepts: Intellectual Property, Nation Branding and Economic Development."

³⁰ "IP, Nation Branding and Economic Development," April 2005, accessed March 14, 2016, http://www.wipo.int/wipo_magazine/en/2005/04/article_0001.html

companies like Hyundai Motors and Samsung Electronics had sponsored different cultural events, after which Korean culture has begun to be internationally recognized. However, it is believed that Korean cultural products such as movies, dramas, music and others began their expansion after successful collaboration between government and private sector in holding South Korea-Japan football World Cup in 2012³¹. (Detailed benefits that South Korea achieved after such policies are going to be discussed in the next part of this work).

In economic terms, nation branding can also greatly assist to tourism sphere of the country. It should be noted that nation branding and tourism branding are not the same, but can be seen as complementary to each other. NB is a necessary context to successfully promoting tourism products through raising support among audiences to welcome country's offers to visitors³². Advancement of transportation has boosted tourism, which occupies bigger place in economy of more states year by year. In 2014, global international tourism revenue exceeded 1,2 trillion US Dollars and constantly grows.³³ Thus, to get a pie from this and to attract more touristic flows, promotion of touristic opportunities should be supported by a positive image of the nation.

On other hand, nation branding is a complicated process, which not always goes smoothly and there may occur difficulties and challenges in implementing appropriate policies. According to many experts, nation branding first had to be done at home and only then carried out abroad³⁴. In other words, to reach success in enhancing national image it is essential to conduct respective interior policies directed to bring existing conditions into line with intended brand image of the nation among foreign audiences. If there is a big disparity between reality and the proposed image, such nation branding wouldn't be effective, and

³¹ Yelena Leonidovna Katasonova, "Na grebne Koreyskoy volni" [On the Crest of Korean wave], *Asia and Africa* 4, no. 681 (April 20, 2014).

³² Thomas Cromwell, "Why nation branding is important for tourism," *Diplomatic traffic*, accessed January 5, 2016, http://www.diplomatictraffic.com/nation_branding.asp?ID=18

³³ "Global international tourism revenue from 2000 to 2014 (in billion U.S. dollars)," *The Statistical Portal*, accessed January 6, 2016, <http://www.statista.com/statistics/273123/total-international-tourism-receipts/>

³⁴ Bernard L. Simonin, "Nation Branding and Public Diplomacy: Challenges and Opportunities," *The Fletcher forum of world affairs* 32, no. 3 (January 2008).

moreover could have reverse consequences. In this context, the role of population is very high, as its attitude towards foreigners strongly reverberates on perception of this state.

Nation branding is also a continual process, which requires permanent attention and efforts from authorities in this field. It is impossible to have long-term effect without keeping realizing NB programs. Besides, as it was mentioned before, national brand incorporates too many things. And this in turn creates such difficulties as complexity of coordination between affiliated organizations and managing their respective spheres, determination of aspects those should be prioritized in promotion (for example, traditional culture - historical sights or industrial-technological opportunities) and origination universal or optimal NB program that can be accepted by every nation in positive angle. In spite of these complications enhancing state image remains actual issue for many countries and essential part of their PD, as it gives chance to be competitive in contemporary circumstances.

Process of globalization and existing high competitiveness in world economy justify necessity to promote national image. Nation branding is a sophisticated process, which should be well planned and meet present reality. However, branding that organized in a right way can bring economical benefits through: giving advantage for internal companies to compete on global market (including COO effect), attracting more investments, increasing number of tourists and exporting cultural goods.

2.2. Cultural diplomacy

Cultural diplomacy (CD) is another practice of public diplomacy that has core role in messaging the spirit of nation to other nations. As “people to people” approach it possesses huge opportunities in “telling country’s own story.”³⁵ Even, cultural diplomacy and nation branding have similar instruments in their arsenal, they are not the same approach. If NB is

³⁵ Lucian Jora, “New practices and trends in cultural diplomacy,” *Institute of Political Sciences and International Relations, Romanian Academy* (2013), http://www.culturaldiplomacy.org/academy/pdf/research/articles/cultural_diplomacy/New_Practices_And_Trends_In_Cultural_Diplomacy_-_Lucian_Jora.pdf

creation in minds certain images, cultural diplomacy is exchange of various aspects of culture between people from different parts of the world. It represents direction of PD that is probably the best way in building trust and bringing nation's idea to others. Therefore, it strengthens national security and stability through reliance, which are essential in ensuring economic development and growth of the country.

Culture has always played a significant role in connecting people from different regions. Cultural diplomacy as a practice has also existed for a long time, though the term itself is relatively new. The complexity of defining the word "culture" stipulates existence of many separate opinions about what the word "cultural" in CD means. And this in turn designates various views on the meaning of cultural diplomacy. If some experts differentiate this approach through period of its aims, others emphasize on the point that is befalls overseas³⁶. Definition given by Milton C.Cummings Jr. and used by the Advisory Committee on Cultural Diplomacy of the US Department of State, combines most of these aspects, and according to which CD is:

the exchange of ideas, information, art and other aspects of culture among nations and their peoples to foster mutual understanding³⁷.

However, in this interpretation focus is made without referring to government's role. But, as the second word of the term is 'diplomacy', it should be noted that CD covers also state's actions, or contribution to its foreign policy or diplomacy. Hence, it is a practice of public diplomacy that demonstrates and explains national values to people abroad. Taking into account that listening has important role in this approach, it forms a basis of trust among

³⁶ Simon Mark, "A Greater role for cultural diplomacy," *Discussion Papers In Diplomacy, Netherlands Institute of International Relations 'Clingendael'*, accessed February 11, 2016, https://www.clingendael.nl/sites/default/files/20090616_cdsp_discussion_paper_114_mark.pdf.

³⁷ Milton C.Cummings, Jr. Ph.D., "Cultural Diplomacy and the United States Government: A survey," *Center for Arts and Culture* (2003), p.1.

publics. Policy makers can rely on such foundation, when it is needed to make agreements in political or economical spheres. From this context, there can be marked out many various objectives of cultural diplomacy, but in general it is conducted to advance national interests abroad.

This practice includes activities of wide range of art representatives, such as actors, singers, artists, sculptors, etc. and results of their work (for instance movies, songs, paintings), the interchange of people (students, academics and so on), and the promotion of cultural assets of the country (such as national kind of sport or language). If before elites were main producers and receivers of cultural activities, now it is often aimed to wider audiences³⁸. Instances for such wide view of this concept can be different types of forums or “round tables”, educational grants for international students, exchange of representatives of academics, organization of art performances, concerts (abroad and domestically), special sport events, and so on. Korean Government Scholarship Program is an example that incorporates many of these activities. Though it is a scholarship for studying in the ROK, it has a one year compulsory language course. Besides, during staying there students have opportunity to participate in many cultural events and programs with visiting historical and economical important places of this country, organized by universities or interested organizations and companies.

From the above, it is possible to find common points of cultural diplomacy and nation branding (for example, organizing special performances). Nonetheless, they are not equivalent or interchangeable. CD is directed to show the nation with all its diversities and complexity. On other hand, NB works on creation simplified and systemized images of the nation³⁹. As both approaches aimed on improving perception of the country abroad, they can be seen as mutually complimentary. Besides, conducting cultural diplomacy and nation branding

³⁸ Simon Mark, “*A Greater role for cultural diplomacy.*”

³⁹ Lucian Jora, “*New practices and trends in cultural diplomacy.*”

simultaneously will enable reaching maximal results. For instance, New Zealand has positioned its nation brand as “clean, green, innovative, creative and technologically advanced”, and in 2005 under such positioning it constructed a pavilion at the World Expo in Japan. There everyone could get to know about New Zealand from different aspects, as there were organized performances of traditional and modern groups and singers, artists and representatives of fashion industries, demonstrations of trade opportunities, innovative companies and their technologies. Therefore, using combination of NB and CD in expo gave an opportunity to New Zealand to bring a complete idea about country to each visitor⁴⁰.

However, on other side of coin, if any single visitor saw only a part of the performance or pavilion, he/she would get a limited or incorrect perception about that country. For instance, if he/she saw just performance of traditional artists, he/she might assume that such state is still developing and not technologically advanced. Such problem appears not only during organizing exhibitions in expos but also while conducting broad activities of cultural diplomacy. It shows that audience participation in organized events is the limitation that CD has. In other words, ensuring that every foreigner would make acquaintance with various angles of state by visiting every appropriate event, isn't possible. Besides, this is aggravated by the fact that it is hard to present the whole spectrum of the nation through one separate CD activity.

Yet, culture has become an important part of the world economy, as international trade of cultural goods and services is increasing. Value of cultural products has also grown through globalization, and their production generates significant income and creates new jobs. If in 1980 international trade of cultural commodity was 47.8 billion US dollars, in 2006 it reached 424.4 billion US dollars⁴¹. Even CD's main aim is not to get commercial profit but to

⁴⁰ Simon Mark, “*A Greater role for cultural diplomacy.*”

⁴¹ Saba Salim, Zafar Mahmood, “Cultural goods trade as a transformative force in the Global economy: a Case of Pakistan,” *National University of Sciences and Technology, School of Social Sciences and Humanities (Pakistan)*, accessed February 17, 2016, <http://www.nust.edu.pk/INSTITUTIONS/Schools/S3H/Research/Documents/Saba%20Salim-3.pdf>.

bring right idea about nation abroad, through prism of its activities cultural diplomacy assists to promote related industries.

Governments those have concentrated and advanced the mentioned sphere have improved their country's economic status and increased overall trade.⁴² At the same time cultural diplomacy's effect right on people, stimulates economic growth, as if population of one state feel confident about population of other state, then economic exchange between them is higher comparing to exchange with other countries. This is strengthened also by the fact that distance has lowest effect on trade of cultural commodity than other goods. Moreover, according to an article in "Culture Studies", swap of cultural assets has positive influence on foreign direct investments, which was determined after analyzing two-way FDI flows among 59 countries from 1980 to 2001.⁴³

Currently, many produced cultural goods and activities have profit-making aims. However, they have become a part of cultural diplomacy of countries and have links with their trade policy. It is related to so called content industry. For instance, Japan's anime and manga have been created with commercial purposes, but being promoted also through state channels made them international property. They have become one of the most influential soft power tools of Japan, which also brings tangible profit. Japanese anime's market only in US is worth of \$4.5 billion⁴⁴. Thus, conducting cultural diplomacy activities has a wide range influence on economic life of the state.

In conclusion, culture has always been an important part of countries' life, and in turn CD as the component of the practice of public diplomacy has a crucial role in representing the

⁴² Saba Salim, Zafar Mahmood, "Cultural goods trade as a transformative force in the Global economy: a Case of Pakistan."

⁴³ François Rouet, "International trade flows in cultural goods and services: Issues and determining factors," Culture studies, Secrétariat général Délégation au développement et aux affaires internationales Département des études, de la prospective et des statistiques, accessed February 27, 2016, http://www.culturecommunication.gouv.fr/content/download/78017/591945/version/2/file/CE-2007-2_International%20trade%20flows_EN.pdf.

⁴⁴ "Cool" Japan's Economy Warms Up," *Economic Research Department Japan External Trade Organization (JETRO)*, accessed December 25, 2015, https://www.jetro.go.jp/ext_images/en/reports/market/pdf/2005_27_r.pdf

nation with its all diversities and complexity. By giving opportunity to people to communicate with each other, it helps to shape desired atmosphere among foreign populations. Through attraction and creation of feeling of trust, cultural diplomacy performs as the catalyst for trade and economic exchanges. This is true not only for cultural goods flows, but also for investment and capital flows. Ergo, nowadays for any state developing and advancing CD approach is not just eligible thing but a necessary condition to reach national interests.

3. Public diplomacy of Korea and its role in economic growth of the country

This part as a case study is going to analyze how public diplomacy of the Korean government assists to economic growth (attracting investments, tourists, etc.) of the country and ensures improvement of its economic potential on international arena. However, to better understand the whole process of public diplomacy making and its tasks in South Korea, it is important to know basic information about history of the Republic of Korea (ROK), current economic parameters, position among international community and its public diplomacy programs. This also is useful to know with what kind of material South Korean public diplomats have to operate. For these reasons, the first paragraph is a background of the ROK, and the next two review PD of this country with its economic implications.

3.1. A brief overview of South Korea

The Republic of Korea is located on the south part of Korean peninsula with total area 99,720 sq. km. (109th position among world states) and bordering the Eastern and Yellow Seas. The land boundary is only with North Korea with length 237km⁴⁵. Total population is over 50,42 million people⁴⁶. It is a presidential republic, and from 2013 the President of the ROK is Park Geun-hye, the first woman president.

Korea as a country was first formed in 2333 BC. In its history, Korea had such periods as the Gojoseon (the ancient Joseon), three kingdoms, the Silla (668-935), the Goeryo (918-1392) and the Joseon (1392-1910). From 1910 to 1945 Korea was under colonial rule of Japan. After Japan's surrender in the World War II, Korea got independence, but was divided in two countries in 1948 (one democratic and other one communistic). From 1950 to 1953

⁴⁵ "East & Southeast Asia : Korea, South," The world Factbook, July 11, 2015, accessed October 10, 2015, <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html>.

⁴⁶ "Republic of Korea," *The World Bank*, December 1, 2015, accessed October 11, 2015, <http://www.worldbank.org/en/country/korea>

there was a war between two Koreas, and when it ended, 38th parallel once again has become the border between them.⁴⁷

In 1961 in South Korea to the power came General Park Chung-hee, who had began economic reforms to stimulate the development of the country. In the beginning of his governing, GDP per capita was 91,48 USD (current US\$)⁴⁸. Five year plans and “Saemaul” movement achievements resulted in accelerating economy. Valid base for industries were created, over which big companies (chaebols) had control. In 1979, when President Park Chung-hee was assassinated, GDP per capita reached 1857,81 USD (current US\$). After his death, despite political issues and one year recession in growth, country’s economy was growing rapidly.

In 1988 Seoul held Olympic Games, which introduced a new South Korea to the world society. It is also believed, that hosting Olympiad moved Korea from developing countries to one of the newly industrialized countries⁴⁹. From 1990s population of the ROK had become fairly all-sufficient society, and during this period state authorities started deregulation economical spheres. Jointly with Japan conducting 2002 FIFA World Cup, showed that South Korea could overcome consequences of 1997 Asian Financial Crisis.

On global diplomatic arena Seoul also gradually increases its activities and by many experts it admitted as middle-power. Currently the ROK has diplomatic relations with 190 states. There are 111 foreign embassies in Seoul and more than 115 South Korean diplomatic missions in foreign countries⁵⁰.

⁴⁷ Tim Lambert, “A Brief History of Korea,” *A World History Encyclopedia*, accessed October 10, 2015, <http://www.localhistories.org/korea.html>.

⁴⁸ “Overview of Korea’s Development Experience,” *K-Developedia*, accessed October 12, 2015, https://www.kdevelopedia.org/Development-Overview/economy--general.do?category=TP_ECO&subCategory=TP_ECO_GE#.VhN7K_ntlBc

⁴⁹ “Seoul Olympics,” *K-Developedia*, accessed October 12, 2015, https://www.kdevelopedia.org/Development-Overview/all/seoul-olympics--201204060000053.do?fldRoot=TP_SOC&subCategory=TP_SOC_OT#.VhN0dPntlBc

⁵⁰ “Missions overseas and mission in ROK,” *Ministry of Foreign Affairs of the Republic of Korea*, Accessed February 17, 2016, http://www.mofa.go.kr/ENG/ministry/overseas/asia/index.jsp?menu=m_50_70

Regarding to relations between South and North Korea, despite some warming several times, till now they have tense character, and armed encounters happen on the border. Thus mostly bilateral ties could be described as animosity. However, attempts to establish connections have showed interest of both sides to normalize relations. This is confirmed by meetings on the highest levels and functioning of Kaesong Industrial Region in DPRK. Yet, the last incident in August 2015, when two parts exchanged shots, indicated about necessity of continuing efforts to betterment atmosphere on Korean peninsula.

Returning to the development of the ROK, in 2014, GDP of South Korea estimated 1,41 trillion US \$ (13th in the world ranking), GDP per capita over 34 thousand US \$ (29th in the world ranking)⁵¹. As a high income economy it is a member of the Organization for Economic Co-operation and Development (OECD) and Group of Twenty. Currently, the ROK is the sixth largest exporter⁵² and the ninth importer⁵³, one of the leaders in shipbuilding, automotive, construction, steel, semiconductor and mobile technologies production industries, advanced technology of nuclear energy power plant and others. Moreover, the Republic of Korea is one of the top ten countries with the biggest foreign exchange reserve and gold⁵⁴.

Such rapid transformation from the poorest countries to the high developed country is referred by people of the ROK as “Miracle at the Han River”⁵⁵. Besides, according to the Wealth Report 2012, prepared by Citigroup and Knight Frank, South Korea is going to be in the top four of the wealthiest states in 2050⁵⁶.

⁵¹ “Republic of Korea,” *The World Bank*.

⁵² “Country Comparison: Exports,” *Central Intelligence Service - The world Factbook*, accessed February 25, 2016, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2078rank.html>

⁵³ “Leading Import Countries Worldwide in 2015 (in Billion U.S. Dollars),” *The Statistical Portal*, accessed February 25, 2016, <http://www.statista.com/statistics/268184/leading-import-countries-worldwide/>

⁵⁴ “Country Comparison: Reserves of Foreign exchange and gold,” *Central Intelligence Service - The world Factbook*, accessed February 25, 2016, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2188rank.html>

⁵⁵ Juergen Kleiner, “Korea, a Century of Change”, (Singapore: World Scientific Publishing Co Pte, 2001), p. 254.

⁵⁶ “The Wealth Report 2012,” *Knight Frank* (London: Pureprint Group Limited, 2012), <http://content.knightfrank.com/research/83/documents/en/2012-800.pdf>

Therefore, it is possible to conclude that Korean public diplomats have a wide range of leverages, including deep history, distinctive and rich culture, modern pop industry (known as K-Pop, which is going to be examined in details in paragraph 3), own development model and hi-tech technologies. Moreover, the South Korean government has financial resources to conduct promotional programs. All these are strong base to ensure success of Korean public activities among foreign communities. However, as it is widely accepted in marketing, to assure economic benefits from a product (or country assets in this case), it is essential to carry out quality advertising (or PD actions). This brings us to the point that successful public diplomacy programs should also take into account peculiarities of the communities, where they are conducted.

3.2. Public diplomacy of the Republic of Korea and its Brand image around the world

From the paragraph above we saw that South Korea in 2000s has been already advanced nation with a strong economy. At the same time, according to various rankings, the brand image of the ROK was on lower places. Such low ranking displayed discrepancy between size of economy and recognition of Korea abroad. It has been often accentuated significance of public diplomacy and its benefits for the ROK⁵⁷.

In the following years, in spite of some hindrances, South Korean government activities in enhancing the image of the country, including utilization of PD through wide diplomatic network, have resulted in the 12th most valuable country brand in 2015 (brand effect - \$143,7bln.)⁵⁸. Though, such values have symbolic meaning, they show a credit given by the various strata of societies to appropriate states (as most researches in assessment

⁵⁷ Yun Young Cho, "Public diplomacy and South Korea's Strategies," *Chung-Ang University* (2012), http://kaisnet.or.kr/resource/download/10_2_05.pdf

⁵⁸ "Nation Brands – 2015," *fDiIntelligence* (October/November 2015), http://www.fdiintelligence.com/content/download/62202/1757527/version/4/file/038-040_FDI_1015.pdf

brands base on use of polling)⁵⁹. This in turn ensures attraction of foreign investments, consumers and enlargement of touristic inflows. And we can see that in not so long period South Korea could achieve trust of more foreigners with economic benefits for itself.

As it was mentioned before, in 2002 South Korea together with Japan hosted FIFA World Cup. Although, this event demonstrated progress and the economic miracle of Korea, the image of the country among international community was still ambiguous. So, at the beginning of the 21st century South Korea remained as a state about which foreigners haven't clear perception, especially in the West⁶⁰. Administration of the President Roh Moo-hyun (2004-2008) had developed special programs and invested in promotion cultural industry of South Korea to global arena, and this in turn brought positive results in recognition of the country⁶¹. At the same time, this administration strongly concentrated on issues of the inter-Korean relations. Such situation negatively reflected on improvement of national brand. For instance, many westerners connected North Korea nuclear crisis to South Korea⁶².

However, in 2008 when the President Lee Myung-bak was elected (had been in office till 2013), he continued and considerably strengthened promotional activities of his predecessors. Moreover, he made enhancement of country's reputation one of his top priority policies. In one of his early speeches as a president, he mentioned that if Korea wanted to be recognized as a developed country it had to develop nation brand and improve its reputation⁶³, which at that time hobbled. According to Anholt-GfK Roper Nation Brands Index (NBI), in

⁵⁹ Despite the criticism of various international ratings, their main role is still being measure for countries in their successes for development in different directions. Today ratings include the most sides of life of the states' and societies', such as various aspects of human development, quality of administration, business environment, and other dimensions. From such dimensions it is possible to conclude about the whole situation in a country, and determine about attraction for foreign partners.

⁶⁰ Olivia Ih-Prost and Antoine Bondaz, "South Korea Trying to Improve Its Nation Brand," ed. Leonie Allard, *Asia Centre* (centreasia.eu) July 2014, http://www.centreasia.eu/sites/default/files/publications_pdf/note_kal_south_korea_trying_to_improve_its_nation_brand.pdf

⁶¹ Concrete examples will be shown in the next paragraph

⁶² Regina Kim, "South Korean Cultural Diplomacy and Efforts to Promote the ROK's Brand Image in the United States and Around the World," *Stanford Journal of East Asian Affairs* 11, no. 1 (2011), <https://web.stanford.edu/group/sjeaa/journal111/Korea2.pdf>

⁶³ Myung-bak Lee, *A Great People with New Dreams*, (n.p., 2008), <http://www.korea.net/Government/Briefing-Room/Presidential-Speeches/view?articleId=91000>

2008 the ROK by its brand image was only on the 33rd place among 50 countries⁶⁴, those were included in this research. In other report South Korean position was even lower, to be exact in Country Brand Index (CBI), prepared by FutureBrand, in 2009 the ROK was 39th among 110 states.⁶⁵

Taking into account that in 2008-2009 the Financial Crisis was raging around the world, for export-oriented countries, such as Korea, it was vitally important to improve national brand to successfully compete on international trade arena. In regard to this and to maintain economical growth, President Lee Myung-bak established the Presidential Council on Nation Branding in 2009. Euh Yoon-dae was appointed as a chairman of the new organization, who put an ambitious plan to lift Korea's ranking to 15th position in 4 years in Anholt-GfK Roper NBI. Such blueprint was met by many experts skeptically⁶⁶.

Along with this fact, there have been several obstacles those hinder of creating positive and authentic image of the Republic of Korea abroad. First, absence of coordinated work between central and local governments in public diplomacy sphere has impeded of promotion of the unified brand. Second, among policymakers there is no agreement about which aspect of Korea should be promoted. Some argue that it should be Korean traditional culture, when others talk about necessity to bring modern Korea on international arena. For instance, Euh Yoon-dae noted that showing industrialized country would be more equitable to the national interests, then traditional culture, which could leave an impression of developing country⁶⁷. Third, existing stereotypes about Korean people those have negative effect, such as eating dog meat, adherence of women to plastic surgery and some others. Next obstacle is lack of idea of Korea among foreigners, which is ambivalent, because from one side it could

⁶⁴ *The Anholt-GfK Roper Nation Brands IndexSM 2008 Report*, (United States: GfK Roper Public Affairs and Media, 2008), https://www.eda.admin.ch/content/dam/eda/de/documents/das-eda/landeskommunikation/Switzerland_2008_NBI_Report.pdf.

⁶⁵ *2010 Country Brand Index*, (Great Britain: The Future Brand, 2010), <http://sete.gr/fileuploads/entries/Online%20library/GR/Future%20Brand%202010.pdf>

⁶⁶ Regina Kim, "South Korean Cultural Diplomacy and Efforts to Promote the ROK's Brand Image in the United States and Around the World."

⁶⁷ Ibid.

be used to construct authentic image amid non-Koreans, but from other point frequently coverage of North Korean nuclear problem by mass-media could limit knowledge of Korea and lead to mis-perception of it, especially in the West⁶⁸.

In March 2009, the Council introduced a program that included various activities. There were – development and strengthening public diplomacy sphere, presenting a scholarship for foreign students, promoting taekwondo and Korean language, expanding official development assistance, sending volunteers abroad and other ones⁶⁹. In the light of these activities, the first Ambassador for public diplomacy was appointed in September 2011⁷⁰ and since 2010 there were opened 91 King Sejong institutes around the world, and reached totally 113 institutes⁷¹. In this context, it is also necessary to note that as Nicholas J. Cull underlined importance of managing own population to ensure success of PD initiatives⁷², the above mentioned program also included a part that was aimed to assist Koreans turn in world citizens.

Besides, in 2010 the Korea Foundation together with MFA of the ROK established “Korea Public Diplomacy Forum” (KPDF) that has had an aim to help experts from different sectors in their offers to work out policies for South Korea’s PD activities. Such support has been implemented by Forum through conducting seminars on specific themes in the sphere and coordinating research projects from results of which, there have been made proposals to Korean authorities responsible for public diplomacy initiatives.⁷³

⁶⁸ Ibid.

⁶⁹ Olivia Ih-Prost and Antoine Bondaz, “*South Korea Trying to Improve Its Nation Brand.*”

⁷⁰ Ma Young Sam, Jung-he Song, and Dewey E. Moore, “Korea’s Public Diplomacy: A New Initiative for the Future,” *The Asan Institute for Policy Studies*, December 20, 2012, accessed March 5, 2016, <http://en.asaninst.org/contents/issue-brief-no-39-koreas-public-diplomacy-a-new-initiative-for-the-future/>.

⁷¹ Regina Kim, “*South Korean Cultural Diplomacy and Efforts to Promote the ROK’s Brand Image in the United States and Around the World.*”

⁷² Nicholas J. Cull, “Issue Brief: ‘Bulging ideas:’ Making Korean Public diplomacy work”, *Public Diplomacy Magazine* (University of Southern California), Summer (2013): 17.

⁷³ “Korea Public Diplomacy Forum,” *The Korea foundation*, August 30, 2013, accessed March 14, 2016, https://en.kf.or.kr/?menu=3726&type=view&archv_no=855&pageIndex=1&path=0/537/540/554/605&tab=1&kflnbindex=0&lang=1

Slogans of previous administrations “Korea sparkling” and “Dynamic Korea” were abolished by Lee Myung-bak’s administration. In place of them a new slogan “Global Korea” was introduced. Promoted in association with transnational companies (LG, Samsung, Hyundai)⁷⁴ Global Korea strategy was directed to demonstrate that the ROK was ready to hold more active role on the world stage.⁷⁵

The current President Park Geun-hye (elected in 2012, came to the office in 2013) has made a special stress on building trust between people and government. Moreover, trust has become a key philosophy of her administration and politics, including foreign policy⁷⁶. In such positioning the role of public diplomacy grows, which corroborated by government funding. According to professor Kwong Yongseok financing projects related to PD under new government has increased almost for 50% and reached 9 billion won (about 7,25 mln USD⁷⁷) for 2014 fiscal year⁷⁸. Parallel with this, the Ministry of Culture, Sports and Tourism of the Republic of Korea in cooperation with Korea Tourism Organization launched a new tourism slogan “Imagine your Korea” on July 22, 2014⁷⁹.

Such complex approach of South Korean administration to the issue of the image of the country, especially in the last years, has heightened appreciably recognition of the ROK abroad. It has improved positions in many rankings, for example, in FutureBrand CBI 2014-2015 ranking - 20th place⁸⁰ and in 2014 Anholt-GfK Roper NBI – 27th.⁸¹ This also has raised authority of Korea on global political arena and strengthened its role as a middle power (2012

⁷⁴ Olivia Ih-Prost and Antoine Bondaz, “South Korea Trying to Improve Its Nation Brand.”

⁷⁵ Heike Hermanns, “National Role Conceptions in the ‘Global Korea’ Foreign Policy Strategy,” *The Korean Journal of International Studies* 11, no. 1 (June 2013), p.57

⁷⁶ Dr. Seongwhun Cheon, “Trust – The Underlying Philosophy of the Park Geun-Hye Administration,” *Center for Strategic and International Studies, Office of the Korea Chair*, http://csis.org/files/publication/130506_Trust_President_Park.pdf

⁷⁷ It was counted by author according to Bank of Korea standard rate on March 3, 2016

⁷⁸ “The Age of Public Diplomacy: Soft Power Game in East Asia,” *Nippon Communications Foundation*, accessed March 1, 2016, <http://www.nippon.com/en/features/c00721/>

⁷⁹ Seung-ah Lee, “Imagine Your Korea: Nation’s New Tourism Brand Slogan,” *Korea.Net: The Official Website of the Republic of Korea*, July 23, 2014, accessed March 5, 2016, <http://www.korea.net/NewsFocus/Travel/view?articleId=120713>

⁸⁰ *Country Brand Index 2014-2015*, (Great Britain: The Future Brand, 2014), <http://www.mumbrella.asia/content/uploads/2014/11/CountryBrandIndex2014.pdf>

⁸¹ Jongchan Kim, “South Korea Ranked 27th in GfK Nation Brands Index,” *Aju Business Daily*, November 14, 2014, accessed March 3, 2016, <http://eng.ajunews.com/view/20141114091441183>

G-20 Summit, 2012 Seoul Nuclear Security Summit). Thus, even there are still many hindrances, South Korea continues successfully fulfilling its public diplomacy and has achieved noticeable results in a short time. However, PD is the sphere in which outcomes could be more clearly assessed in long-term. For this reason for the ROK it is essential to work in the same direction to consolidate attained progress.

3.3. “Korean wave” as a part of public diplomacy and its economic implications

After the Asian Financial Crisis in 1997-1998, when the South Korean economy was strongly affected, the Korean government has begun to develop its own pop-culture and its export to the countries of the region. This was stipulated by the fact, according to which demand for quality products with cultural context was very high, especially among youngsters. From this period Korean pop-culture, including popular music known as K-pop, has started to expand to the Asia-Pacific states. Such spreading of the ROK culture has been named as “Korean hallyu (wave in Korean)” or “Korean wave” (KW). Currently Korean wave is not just pop-culture, but also includes traditional culture, cuisine, language, literature, distinctive music, clothing and others. KW has become a very strong instrument in promoting the ROK and achieving national interests by winning hearts and minds of foreigners. Moreover, “hallyu” as a part of PD activities is bringing tangible economical benefits.

Besides, the expansion of the Korean pop-culture has been also sponsored by private companies, such as “Hyundai Motors”, “Samsung” and others, as the KW has played the role of locomotive that opens the way for exporting “Made in Korea” goods⁸². Therefore, Korean wave is broad and purposeful spreading of the Korean modern and traditional culture around the world, initiated and sponsored by government and private organizations of the ROK. It can be determined as the combination of nation branding and cultural diplomacy.

⁸² Yelena Leonidovna Katasonova, *“Na grebne Koreyskoy volni” [On the Crest of Korean wave]*.

In the beginning, the Korean pop-culture, especially dramas, movies and music, has become popular in China, Japan, and then in Asia-Pacific states, such as Philippines, Vietnam, Cambodia, Thailand, Indonesia, Malaysia and others. Nowadays, it has become a global trend and reached abroad, including Europe, Central Asia, Southeast Asia, East Asia, two Americas and Africa. To support such quick spreading, Korea Tourism Organization declared the years 2004-2005 as the “Year of Hallyu.”⁸³ Even, successful expansion of Hallyu wasn’t just an outcome of the state’s official activities, the Korean government has used the advantage of it in full rage.

However, it should be noted that there are specific demands for Korean cultural assets among the world regions. For example, if in South and South-East Asia mostly Korean dramas and TV series (also known as *dorama*) are popular, in Europe people interested in Korean feature films. The last is confirmed by the fact that Korean movie director Kim Ki Duk was awarded in many European Film Festivals, who has won prizes such as Golden Lion (2012) and Silver Lion (2004) in Venice Film Festivals, Silver Bear (2004) in Berlin International Film Festival, Un Certain Regard Prize (2011) in Cannes Film Festival and others ⁸⁴. Another popular director Park Chan-wook in 2016 was awarded Vulcain prize in Cannes Film Festival for his movie “*Mademoiselle*”.⁸⁵

At the same time Korean modern music has its audiences in both West and East. Accessibility of digital content and advancement of Internet resources have made K-pop music - a cultural phenomenon (especially in East Asia), which also creates demand for South Korean fashion and styles.⁸⁶ In 2012, a singer from Korea Psy uploaded his new music video “Gangnam style” on Youtube, and which has become the most watched video ever (to March 2016 over 2,5 billion times). It also created a cultural “meme”, as even the Secretary General

⁸³ ‘Hallyu, To The World’ Photo Exhibition, *Korea Tourism Organization*, accessed February 14, 2016, http://english.visitkorea.or.kr/enu/AKR/FU_EN_15.jsp?gotoPage=305&cid=289374

⁸⁴ “Kim Ki Duk Awards” *Kinopoisk*, accessed March 4, 2016, <http://www.kinopoisk.ru/name/377865/awards/>

⁸⁵ “*Mademoiselle*” (The Handmaiden), *Festival De Cannes*, accessed July 7, 2016, <http://www.festival-cannes.com/en/films/agassi>

⁸⁶ Yelena Leonidovna Katasonova, “*Na grebne Koreyskoy volni*” [*On the Crest of Korean wave*].

of the United Nations Ban Ki-moon and the Prime Minister of the United Kingdom David Cameron danced the same movement as in “Gangnam style” video. Besides, according to newspaper “Le Presse” in Canada the number of Korean artists on the world scenes will increase during next several years.⁸⁷

Currently Korean cultural industry, including show business, earns more than 1 billion US dollars yearly from exports. The biggest part of which is coming from Asian countries⁸⁸. In China, Taiwan, Vietnam, Cambodia, Singapore, Malaysia, Indonesia and some others there is a big demand for Korean TV production (movies, dramas) and pop-music artists, which has ousted TV production from other foreign countries in the mentioned markets. At the same time, that sum doesn’t include income from related industries, those that benefit from adoration of Korean wave stars’ fans (clothing, cosmetics, accessories manufacturers, tourism and others).

Korean wave has also attracted foreigners with its history, traditional culture and language. The number of people learning Korean has sharply increased since the beginning of spreading KW. Moreover, it also has a positive effect on tourism sphere. A historical TV series “Jewel in the Palace” (*Dae Jang Geum*, 2003) had a so strong influence on population of Taiwan that after its showing on TV, more than 195 thousand Taiwanese people visited South Korea to see places, where that series were recorded⁸⁹.

However, Japan is the state where cultural goods of the ROK have widest expansion (around 80% of total cultural export of Korea). It should be noted that colonial period had reflected on cultural exchange of two countries. Till 1998 there was a long and strict ban of legal allowance of Japanese cultural commodity in South Korea. Despite this taboo, for

⁸⁷ Ibid.

⁸⁸ “Planiruyetsya, chto Olimpiada-2018 prineset Koreye sumasshedshiye pribili” [It is planned, that Olympics 2018 will bring Korea insane profit], *Olympics*, accessed February 15, 2016, <http://olimpiadalife.ru/pxyonchxan-2018/planiruetsya-chto-olimpiada-2018-prineset-koree-sumasshedshie-pribyli.html>

⁸⁹ Kim G.N., “Khallyu ili Koreyskaya volna” [Khallyu or Korean wave], *Russian-Korean Information Agency*, accessed February 27, 2016, http://www.ruskorinfo.ru/wiki/khallyu_ili_koreyskaya_volna/

Japanese cultural industry it was a very important market (even there were used illegal channels)⁹⁰. In the 1990s situation has changed, when Korean pop-culture had begun to develop with using national elements along with high Western standards and cheap costs. Moreover, K-pop doesn't included components of political influence. Such advantages have helped it flood Japanese TV screens and concert platforms. It has also become a real competitor to Japanese cultural industry, especially in Asian countries.

Expansion of Korean culture in Japan has begun after showing a drama "Winter sonata" (2002) in 2003. It was so popular, that its actor Bae Yong-joon has become a famous star in Japan, who hasn't lost his popularity till now. In 2007, when he presented his new book about travelling in Korea in one of the biggest music-halls "Tokyo dome" (Tokyo, Japan), around 45 thousand his admirers (mostly female) gathered there. Besides, the town Chuncheon on the north-east part of Korea, where the series were filmed, has attracted more than 140 thousand tourists from Japan yearly. The whole script of "Winter sonata" was published as a book, and 90 thousand copies of which were sold in a short time. Next year circulation was increased to 200 thousand copies. After such success Japanese channel NHK has begun to show Korean dramas with publishing their literature forms for Japanese students those learning Korean language.

Nevertheless, the TV drama segment of "KW" has begun to lose its popularity in Japan and some other important markets in Asia. Instead of it, Korean pop music hasn't lost its popularity but is getting more and more recognizable abroad. One of the first Korean modern singers who opened international markets, such as Japan, USA and China, was BoA. Her albums almost always take up the first place in Japanese chart Oricon. Popularity of BoA in neighboring country opened path for other Korean singers, including various boys and girls bands. For instance, 232 thousand copies of the debut album of "Girl's Generation" group had

⁹⁰ Yelena Leonidovna Katasonova, *"Na grebne Koreyskoy volni" [On the Crest of Korean wave]*.

been sold in the first week in Japan with more than 500 thousand within a month⁹¹. In this context, the ROK Government is one of the main promoters of country's musical industry. In this case, indicative example could be "Korean song" competition held by Korean embassies abroad every year, the winners of which invited to participate in main contest in Seoul⁹².

K-Pop in turn is one of the main promoters for Korean touristic industry. For instance, according to survey 9 of 10 people who watched before mentioned music video of Psy "Gangnam style" expressed willing to visit South Korea⁹³. Besides, many residents of neighboring countries, such as Taiwanese, Japanese, Thais and others come to Seoul to visit concerts of famous Korean singers as well as make shopping for stylish items (clothes, accessories) as the quality and quantity of Korean goods and services are high⁹⁴.

The popularity of Korean wave stars in Asia-Pacific countries and their participation in cultural diplomacy also has served the armaments industry of South Korea. In this case, the most notable example could be visit of actor Hyun Bin to the Republic of Indonesia (RI) on October 5-7, 2011, when he was serving in the Marine corps of Korea. Hyun Bin was invited by the Indonesian government to participate in official events of the Armed Forces day. According to the Ministry of National Defense of the ROK, after some debates, despite that he was active duty soldier, they admitted the invitation to enhance image of Korean defense industry and promote weapons' export⁹⁵. The most important moment is that this visit was organized when two countries had begun final negotiations over contract of constructing and selling three submarines to Jakarta⁹⁶. The agreement was signed on December, 2011 with

⁹¹ Yoon-mi Kim and Haeoe Hongbowŏn (Korea), *K-Pop: A New Force in Pop Music* (n.p.: Korean Culture and Information Service, 2011), p.25

⁹² Kamila Yuldasheva, "[AJA Global Report] Uzbekistan to Participate in the K-POP World Festival 2014," *TheAsianN*, September 4, 2014, accessed August 3, 2016, <http://www.theasian.asia/archives/89567>.

⁹³ Hyon-jung Shin, "K-pop: kontserti koreyskih pop-grupp kak novii vitok hallyu" [K-pop: concerts of Korean pop-groups as a new wave of hallyu], *Koreana*, accessed March 4, 2016, http://www.koreana.or.kr/months/news_view.asp?b_idx=1342&lang=ru&page_type=list

⁹⁴ Yelena Leonidovna Katasonova, "Na grebne Koreyskoy volni" [*On the Crest of Korean wave*].

⁹⁵ "Hyun Bin to visit RI promote arms industry," *The Jakarta Post*, April 10, 2011, accessed July 14, 2014, <http://www.thejakartapost.com/news/2011/10/04/hyun-bin-visit-ri-promote-arms-industry.html>

⁹⁶ "Korea to Make \$1.1 Bil. Submarines Sale to Indonesia," *PortNews*, October 2, 2011, accessed July 16, 2014, <http://portnews.ru/news/131555/>

worth around 1,1 billion US dollars, which was the largest defense export contract of Korea at that moment⁹⁷. Thus, a TV drama star in some measure assisted in advancement arms industry of South Korea.

KW phenomenon itself has turned into an actual theme among the international press. According to the Korean Culture and Information Service (KOCIS) under the Ministry of culture, sports and tourism, during the last several years articles about Korean society and culture, including “hallyu” has increased for 10 times. At the same time issues, such as economics of South and North Korea are covered rarely than before.

The success of Korean wave could be explained by many factors, including that Korean artists organically connect elements of Eastern and Western cultures and the main theme of TV production is eternal and universal values, such as love, relationships between people, nurturing feelings of kindness and justice.⁹⁸ However, the role of government in promoting KW should be not diminished, as this achievement directly connected to effective work of the ROK authorities in this area.

By increasing investment in cultural sphere in the late 90s of the last century, the Korean government was sure that it would help to enrich national economics. Indeed, according to the Korean International Trade Association (KITA), 75% foreigners who get familiarize with the ROK pop-culture have begin to buy more goods manufactured in this country⁹⁹. In this context, just in 1999 the state authorities allotted \$148,5mln. for spreading Korean dramas among Eastern and South-Eastern Asian countries¹⁰⁰.

⁹⁷ Craig Scanlan, “South Korea to Export Submarines to Indonesia,” *Asia Security Watch - New Pacific Institute*, December 21, 2011, accessed July 16, 2014, <http://asw.newpacificinstitute.org/?p=9452>

⁹⁸ Konstantin Asmolov, “Sovremennaya situatsiya i problema fenomena “Koreyskoy volni” [The current situation and problem of “Korean wave phenomenon”], accessed March 17, 2016, <http://makkawity.livejournal.com/819307.html>

⁹⁹ Yelena Leonidovna Katasonova, “*Na grebne Koreyskoy volni*” [*On the Crest of Korean wave*].

¹⁰⁰ Seung-ah Lee, “Khallyu “pod mikroskopom” zarubejnoj pressi” [Khallyu under microscope of the foreign press], *Korea.Net: The Official Website of the Republic of Korea*, January 21, 2013, accessed March 5, 2016, <http://russian.korea.net/NewsFocus/Culture/view?articleId=105006>

These first steps had positive effects on increasing the number of foreign tourists, growth of the sale of Korean automobiles and TVs. Just after five years, in 2004 KITA noted in her report that popularity of SK pop-culture in Asia replenish the budget of the ROK for \$1.43 billion and the GDP grew by 4,6%. Profit in touristic industry reached \$825 million and export of goods related to “hallyu” accounted for 7,2% of total export of South Korea. In particular, movies were exported for \$58,3mln., which is higher for 88,1% than previous year, as well as export of TV series grew by 69,6% and was \$75,5mln.¹⁰¹

In 2008 musical industry and TV series replenished the budget of South Korea for \$220mln. From 2007 to 2010 the earnings of just K-pop had boosted from \$189mln. to \$330mln.¹⁰² In other words, Korean wave has positive impact on national economics. Besides, according to Ministry of culture, sport and tourism of the ROK, Korean wave benefit to economics of the country valued at \$83,2 billion US dollars.¹⁰³

Today there is stable growth of export of Korean culture in long-term perspective, which is also connected to Winter Olympics in Pyongchang that will be held in 2018. After Seoul Olympics in 1988 there was a strong interest in South Korea and her culture. It is expected that Pyongchang Olympics will bring 5 times more profit for Korean than summer games in Seoul. At the same time it will reflect on the image of the country, which is very difficult to measure with numbers.

Above mentioned arguments lead to the conclusion that Korean wave phenomenon is the result of effectively conducting appropriate activities, including of governmental authorities. It has become the crucial element of South Korean public diplomacy, which is directed to promote image of the country and its people. Along with this, it ensures economic growth of nation and development of private businesses. Export of related to KW products

¹⁰¹ Konstantin Asmolov, “Sovremennaya situatsiya i problema fenomena “Koreyskoy volni” [The current situation and problem of “Korean wave phenomenon”].

¹⁰² Yelena Leonidovna Katasonova, “Na grebne Koreyskoy volni” [On the Crest of Korean wave].

¹⁰³ Melissa Leong, *How Korea Became the World's Coolest Brand*, (Financial Post), August 2, 2014, <http://business.financialpost.com/news/retail-marketing/how-korea-became-the-worlds-coolest-brand>

occupies important place in the structure of international trade of the ROK. Therefore, investing in public diplomacy sphere, brings appreciable benefits for government, which is especially seen in export of cultural goods and touristic services.

Conclusion

In modern era, when shaping of foreign policy of a state is not just prerogative of political elites, but populations also participate in it, constant contacts with overseas audiences is as important as conducting strong inner “ideological” policy directed to ensure stability and strengthen civil society. However, if previously actions related to influencing on other nations were mostly used during war times to reach superiority over rivals, currently they are operated not only for security purposes but also for wide range of aims. Especially it regards to economical growth, which is impossible without having competitive image and ability to “connect” with other nations in today’s strongly interrelated world economy.

The history of public diplomacy in its modern understanding begins from the second half of the last century, when there was a shift in both name (from propaganda to public diplomacy) and character (from one way to two-way dialogue) of such activities. Besides, development of communication and transportation technologies at this period, which has accelerated globalization process, has also empowered effects of public diplomacy.

PD as the field of governments’ activity has various instruments in its arsenal, though most of them could be categorized in two concepts of this sphere: nation-branding and cultural diplomacy. It should be noted, that during conducting both of them there are used similar tools, and the main difference lies on purposes to which they are aimed. If the first one is directed to create certain images about the nation among foreign audiences, the second one is formation dialogue between them that is based on exchange of cultural values. Besides, nation-branding focuses on strong sides of the country, when cultural diplomacy shows the nation with its complexity and diversities. However, strategic goal of NB and CD is to successfully promote the nation. Both of them also operate with intangible assets of the state. Taking into account that current world economy is becoming dominated by services sphere and trade of cultural goods between countries is increasing constantly, conducting the mentioned concepts of public diplomacy is crucial factor in ensuring economic growth.

The example of the Republic of Korea in this case is very illustrative. This country, which has been transformed from the poorest countries in the world to one of the most advanced in a short time, has unique history of development. Though, such success mostly bases on developing various heavy and light industries from 1960s to 1990s (even with lack of natural resources), but it has also made that the economy of the state strongly depends on exports. Currently, for export oriented countries like Korea to be competitive on global market it is crucial to have contacts with foreign populations.

The crisis in the late 1990s had negative implications on the Korean economy. However, on other side of coin, it stimulated the ROK government to find alternative ways to ensure economic development. From this period, South Korea has begun to actively conduct different public diplomacy programs, invest in own cultural and content industries and their export to other states. This was a necessary step of state officials because of several factors. First, despite the fact that at that time the ROK had already a strong economy, awareness about this country was low among foreigners, which resulted in lower places in many ratings. This in turn, had decreased attractiveness of the Republic of Korea for foreign investors and tourists. The second factor comes from the first one, as at that time SK was viewed through prism of the nuclear issue on Korean peninsula. Third, understanding by state authorities that there was increasing demand for high quality goods with cultural context.

Indeed, efforts and investments of the Korean government paid off. Today, South Korean goods have popularity abroad; it is a touristic and shopping destination for many people; country's reputation and authority on global economical and political arenas is improving, and currently it is perceived as Middle power; it is in top-list of many rankings, etc. However, the ROK could create unique practice that harmoniously incorporates elements of nation branding and cultural diplomacy - Korean wave, the size of which in exports of the state has constantly increased.

Therefore, even results of public diplomacy programs are not seen immediately, any state that wishes to effectively integrate its economy to world market and get benefits from it, has to consider about PD appropriately. Especially, actuality of this is growing because of increasing role of cultural goods and services in world trade relations, where image of the nation and strength of its values (soft power) are key factors in successful promotion products of the country.

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